

Maureen A. O'Brien
Edge Appraisal

April 9 2011

Ms. Jennifer Johnson
Secretary, Board of Governors – Federal Reserve System
20th Street & Constitution Ave. NW
Washington, DC 20551

Re: the Final Rules for Appraiser Independence, within the Dodd-Frank Law

Dear Ms. Johnson

I am a Certified Residential Appraiser and have several comments regarding the undermining of the customary and reasonable fee requirement in the Final Rule.

Under the current presumption of compliance to customary, the fee schedule is calculated from the recent half price payments appraisers have received from “management companies”. I strongly suggest that the option for an either/or interpretation of compliance is removed from the Interim Ruling and that the original intent of the wording be clarified and strengthened to Reasonable AND Customary. I further request that the definition exclude the net fees paid by an Appraisal Management Company as neither reasonable nor customary.

An appraiser today must be college educated and have years of training before being licensed. We must carry E&O insurance, keep current with continuing education and comply with USPAP. In addition there are specialty software requirements and annual licensing all of which are continually increasing expenses. Increased reporting has added significant time to the appraisal process.

AMCs are shopping for the cheapest appraiser when jobs are available. Requests for fee increases to a reasonable fee are met with job reassignment at the speed of light. In general there are no further assignments if an appraiser makes waves. And the continued decline in the price paid to the appraiser drives the best and most experienced out of the business. While AMCs are paid when the appraisal is complete the appraiser often waits 60 to 75 days to be paid. These are personal experiences I have had, and I hear the same from my peers locally. I received two recent fee schedules offering \$180 and \$200 for a full URAR.

Third party studies of reasonable and customary fee schedules for this area indicate the base fee for a URAR with 1004MC is between \$400 and \$450 (VA fee schedule, Alameda and Working Real Estate national surveys 2010-2011) when an Appraisal

Management Company is not involved. This number has remained fairly steady over the past decade. The AMC fees offered over the past 17 months are dropping and have ranged to half or even less of the actual reasonable and customary. A very self serving interpretation of customary from the AMCs is based upon their past 12 months only.

The AMCs have taken the overhead once born by banks or lenders and are now charging the appraiser directly. In many cases twice the actual costs, adding another for-profit layer to the purchase transaction. Our work is being reviewed by out of state people, many of whom are not appraisers and have little or no geographical competence, often using Automated Valuation Models to verify or discredit the work of an appraiser with years of local experience. The job of the appraiser is to protect the lender investment. No automated model can replace an actual inspection.

In addition, vertical integration of related entities include bank or lender ownership of AMCs with exclusive closed lists of appraisers limited to those who pass the test of working cheap.

The ability of appraisers to provide a quality product, stay in business, to continue to educate themselves and to carry million dollar insurance policies has been seriously compromised by the insertion of management companies into the market. I do not know any small firms that have an apprentice at this time.

I strongly urge a better definition of reasonable fees to be based upon true national studies of appraiser fees which do not include AMC fees. I feel that the continuation of the profession is being undermined by the current AMC model and the quality of the product has also been severely compromised.

A handwritten signature in black ink that reads "Maureen A O'Brien". The signature is fluid and cursive, with the first name "Maureen" being the most prominent part.

Maureen A. O'Brien
Edge Appraisal
Certified Residential Green Appraiser